ANNUAL REPORT 1984

A Provincial
Crown
Corporation

british
columbia
place

BRITISH COLUMBIA PLACE LTD.

PRESIDENT'S REPORT

Purpose of the Company

A Provincial Crown Corporation, British Columbia Place was established in 1980 to assemble approximately 224 acres of land adjacent to False Creek, plan and manage an urban redevelopment project that includes the operation of a stadium as well as other public amenities and to prepare sites for residential, commercial and leisure use development.

Approximately 41 percent of the site will be developed by the private sector that will provide up to 14,000 housing units and up to 7.7 million square feet of commercial space.

Activities for the year ended March 31, 1984

I am pleased to report continued progress as your Company enters its fifth year. The Stadium opened and B.C. Place gained zoning approval on its first development area, Southeast Granville Slopes.

The B.C. Place Stadium opened on June 19, 1983, ahead of schedule and below its budget of $126 million. More than 40,000 British Columbians joined in celebrating the opening by Premier Bill Bennett; the next day we had our first sellout crowd (60,432) for a Vancouver Whitecaps North American Soccer League game.

At the end of its first fiscal year with only nine months of operations, Stadium operating surplus before depreciation and amortization was $2,224,000 and after depreciation and amortization of startup costs and corporate overheads, the net loss was $162,000. This was a remarkable achievement for a new facility. More than two million people have visited the Stadium and enjoyed a wide variety of sport, trade and consumer events, rock concerts, thrill shows, other entertainment and tours. Some events came to Vancouver for the first time because of this magnificent facility.

Gross revenue, like attendance, was above our forecasts. Our principal tenants, the B.C. Lions (of the Canadian Football League) and the Whitecaps, both set attendance records; the Lions also had their first profitable season since 1977. Amusement Business Magazine rated the B.C. Place Stadium as the top covered stadium in North America for rock concert attendance and gross revenue.

Three major league baseball exhibition games - March 30, 31 and April 1, 1984 - drew an attendance of 106,145 showing that Vancouver is a "Major League Baseball" city. The new Stadium is ready and available to accommodate a major league franchise and we are cooperating with the local baseball owners to achieve the goal of securing a major league baseball franchise for British Columbia.

Bids have been made for the construction of an intermediate care facility, Yaletown House, and the non-profit society developing the structure is assessing these. This four-storey, 130-bed facility is proposed for the foot of Helmcken Street on the edge of Yaletown. The project is part of the B.C. Provincial government's commitment to the elderly in cooperation with the Central Mortgage and Housing Corporation.

It is good to be able to say, that B.C. Place is officially in the land development business following the City of Vancouver's approval of our first neighbourhood - Southeast Granville Slopes. Bylaw approval came in March following an extensive planning and review process.

Southeast Granville Slopes will include about 500 housing units, as well as retail, marine and hotel uses. Work on the three hectare (7-1/4 acre) site has begun. A 25-storey, four-star hotel is under design and its developers hope to have it ready in time for Expo.

The path to approval was not easy, but the public at formal council hearings indicated it supported the B.C. Place plan by a 3-1 margin. We were pleased that a 7-4 favourable vote from City Council resulted. This part of our development goes ahead, however, only after being severely cut back and not before serious thought had to be given to asking the B.C. Place Board of Directors to close the project down because of difficulty in winning City approval. As the first of 10 B.C. Place neighbourhoods scheduled to go before the City for zoning, it is disappointing that the Southeast Granville Slopes zoning proved so difficult. We can only hope that future zoning will not be so difficult, now that the public has shown its acceptance of the densities and heights proposed by B.C. Place.

Development interest in the first neighbourhood has been strong, and there is a lively response to the proposal call which was issued promptly following zoning.

B.C. Place agreed to contribute $10.5 million towards a new Cambie bridge if the balance was funded by the City. The citizens of Vancouver voted strongly in favour of building a new bridge in a March plebiscite and it should be completed in time for Expo 86.

Expo 86 is proving to be a major success as countries and companies from all over the world are committing to take part and it became necessary to allocate additional B.C. Place land to accommodate this success.

Your Company is managing design and construction of the B.C. Pavilion complex for Expo. This exciting complex located just south of the Stadium will be the host pavilion for British Columbia. The British Columbia Building within this complex has a striking design, makes extensive use of glass and

includes a theatre. Also there will be two large corporate pavilions. The entire complex will remain after the world exposition as a "legacy" in the heart of the Provincial "Gathering Place"; after Expo, B.C. Place plans to incorporate these facilities into a 22 acre park. This park may include an Arts, Sciences and Technology Centre, a place to represent the Forest Industry, a Children's World and many retail and restaurant opportunities. It will become a place where people from all parts of the province will visit for fun and leisure and to learn more about B.C.

Construction continued at a strong pace during the fiscal year ended March 31, 1984. Expenditures for construction for the Stadium and site development were $15,014,000 and $27,303,000 respectively. Funding for these capital expenditures has been arranged in the open market through our fiscal agent, the Minister of Finance. Approximately 60% or $40 million of our total funding to date is at fixed interest rates with maturities ranging from 7 to 12 years. The remainder of our funding is short term with a weighted average annual interest rate as at March 31, 1984 of 9.85%. Debt will be repaid, during the project life, from revenue realized as we lease our land to the private sector for residential and commercial uses.

In November, B.C. Place welcomed Vancouver businessman, Jim Pattison, as Chairman. A hard worker whose skill and flair for getting things done is legendary, Mr. Pattison has, as a matter of public service, without any form of compensation, committed full time and attention to Expo 86 and to B.C. Place. This entails a major personal sacrifice in terms of the attention he would otherwise devote to his own private group of companies (one of the largest in Canada) to say nothing of lost personal time. Jim Pattison will provide strong leadership for Expo and B.C. Place in these critical years.

Despite its growing pains, B.C. Place is still a relatively young company yet has the potential to be the largest urban redevelopment undertaken in North America.

We have now started in the development business; excellent progress has been made in preparing a site for Expo 86, and the Stadium is loved by the people of B.C. and envied throughout Canada. Our future looks promising and exciting.

Your Company is well served by an experienced and highly dedicated staff and a capable Board of Directors. Through their efforts, B.C. Place will continue to operate a first class Stadium and will provide through this urban redevelopment a major endowment for the people of British Columbia.

Gilbert J. Hardman
President

Province of
British Columbia

Office of the
Auditor General
Province of British Columbia

8 Bastion Square
Victoria
British Columbia
V8V 1X4

AUDITOR'S REPORT

To the Shareholder of British Columbia Place Ltd., and

To the Minister of Energy, Mines and Petroleum Resources
Province of British Columbia

I have examined the balance sheet of British Columbia Place Ltd. as at March 31, 1984 and the statements of income and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the company as at March 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Erma Morrison, F.C.A.
Auditor General

Victoria, British Columbia
May 16, 1984

BRITISH COLUMBIA PLACE LTD.

BALANCE SHEET

AS AT MARCH 31, 1984

	1984	1983
	(In thousands of dollars)	
ASSETS		
Cash and short term deposits	$ 441	$ 2,188
Accounts receivable and prepaid expenses (note 3)	13,303	1,340
Land and site services (note 4)	144,974	109,635
Stadium (note 5)	124,244	110,895
Furniture, equipment and leasehold improvements (note 6)	325	344
Deferred charges	875	866
Mortgages receivable	2,689	2,655
	$286,851	$227,923
LIABILITIES		
Accounts payable and accrued liabilities	$ 14,712	$ 22,387
Long term debt (note 7)	65,551	-
Deferred income	1,750	536
	82,013	22,923
SHAREHOLDER'S EQUITY		
Share capital (note 8)	205,000	205,000
Contributed surplus (note 9)	162	-
Deficit		
	204,838	205,000
	$286,851	$227,923

The accompanying notes are an integral part of these financial statements.

Approved by the Board:

Gilbert J. Hardman, Director

Lucille M. Johnstone, Director

BRITISH COLUMBIA PLACE LTD.

INCOME STATEMENT FOR STADIUM OPERATIONS*

FOR THE NINE MONTHS ENDED MARCH 31, 1984

	1984 (in thousands of dollars)
REVENUE	$ 7,192
EXPENSES	
Salaries, wages and benefits	1,685
Operating expenses	2,398
Advertising and business development	337
General administration	470
Professional services	78
	4,968
INCOME BEFORE DEPRECIATION AND AMORTIZATION	2,224
Depreciation	2,098
Amortization of deferred charges	288
	2,386
LOSS FOR THE YEAR	$ 162

The accompanying notes are an integral part of these financial statements.

* note 2(a)

BRITISH COLUMBIA PLACE LTD.

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED MARCH 31, 1984

	1984	1983
	(In thousands of dollars)	
SOURCE OF FUNDS		
Stadium operations -		
Loss for the year	$ 162	$ -
Deduct-Items not involving current cash outlay:		
Depreciation	2,098	-
Amortization of deferred charges	288	-
Provided from Stadium operations	2,224	-
Decrease in cash and short term deposits	1,747	2,784
Decrease in accounts receivable and prepaid expenses	-	11,454
Depreciation and amortization	114	74
Increase in accounts payable and accrued liabilities	-	9,247
Increase in long term debt	65,551	-
Deferred income	1,214	536
Contributed surplus	-	205,000
	$ 70,850	$229,095
APPLICATION OF FUNDS		
Increase in accounts receivable and prepaid expenses	$ 11,963	$ -
Land and site services	35,339	27,132
Stadium	15,447	60,869
Furniture, equipment and leasehold improvements	95	136
Deferred charges	297	669
Mortgages receivable	34	2,500
Decrease in accounts payable and accrued liabilities	7,675	-
Decrease in accrued interest payable	-	3,002
Decrease in notes payable to the Province of British Columbia	-	69,787
Reduction in contributed surplus	-	65,000
	$ 70,850	$229,095

The accompanying notes are an integral part of these financial statements.

1. The Company

British Columbia Place Ltd. is incorporated under the Company Act of British Columbia and is also a Crown Corporation having special powers under the British Columbia Place Act.

2. Significant accounting policies

(a) Capitalization of costs

The Company capitalizes all direct acquisition, construction and development costs relating to land and capital projects. Also capitalized are carrying costs which include interest, grants in lieu of property taxes, other related costs and the applicable portion of general and administrative expenses less temporary lease revenue and interest income.

(b) Depreciation and amortization

The cost of the Stadium structure is depreciated by the sinking fund method over 50 years in a series of annual instalments increasing at the rate of 5% compounded annually. The Company anticipates residual value of 10% of cost in calculating the depreciation charge.

All other assets, including the Stadium roof, are depreciated or amortized by the straight line method over their useful lives or lease terms. The estimated lives of these assets are between three and twenty-five years.

(c) Amortization of deferred charges

Stadium operations start-up costs incurred prior to the commencement of operations on June 19, 1983 are amortized on a straight-line basis over three years.

Marketing department expenses incurred prior to land leasing will be amortized against the land lease revenue.

(d) Income taxes

The Company is exempt from Federal and Provincial income taxes.

3. Accounts receivable and prepaid expenses

	1984	1983
	(in thousands of dollars)	
Expo 86 Corporation	$ 11,913	$ 95
Other accounts receivable	1,129	1,245
Prepaid expenses	261	-
	$ 13,303	$ 1,340

4. Land and site services

	1984	1983
	(in thousands of dollars)	
At April 1	$109,635	$ 82,503
Capitalization of costs:		
Direct	27,661	19,560
Carrying (note 2(a))	7,678	7,572
At March 31	$144,974	$109,635

5. Stadium

	1984 (in thousands of dollars)			
	Stadium structure	Stadium roof	Other assets	Total
Cost				
At April 1, 1983	$101,478	$ 8,357	$ 1,060	$110,895
Capitalization of costs:				
Direct	245	879	13,890	15,014
Carrying (note 2(a))	7	25	401	433
At March 31, 1984	101,730	9,261	15,351	126,342
Accumulated depreciation				
Charge for the year and at March 31, 1984	328	277	1,493	2,098
Net Book Value				
At March 31, 1984	$101,402	$ 8,984	$ 13,858	$124,244
At March 31, 1983	$101,478	$ 8,357	$ 1,060	$110,895

5. Stadium (Continued)

Other assets include artificial turf, scoreboard and advertising panels, audio-visual systems, mobile and portable equipment, concessions equipment, private box fixtures, furniture and office equipment.

6. Furniture, equipment and leasehold improvements (excluding Stadium)

	1984	1983
	(in thousands of dollars)	
Cost		
At April 1	$ 471	$ 335
Additions	95	136
At March 31	566	471
Accumulated depreciation and amortization		
At April 1	127	53
Charge for the year	114	74
At March 31	241	127
Net book value	$ 325	$ 344

7. Long term debt

	1984 (in thousands of dollars)
Sinking fund debentures, Series PD-1, maturing on October 26, 1990 and bearing interest at 11.75%	$ 30,000
12.25% Note, Series PJC-1, maturing on January 31, 1996	10,000
Short term notes maturing between April 3, 1984 and May 8, 1984 at an annual weighted average interest rate of 9.85%	23,704
Total principal	63,704
Accrued interest on long term debt	1,847
	$ 65,551

(a) Sinking fund provisions of the Series PD-1 debentures require payments aggregating at least $655,560 on or before October 26th in the years 1984 to 1990, inclusive.

7. Long term debt (Continued)

(b) The Province of British Columbia has unconditionally guaranteed the principal and interest on the sinking fund debentures.

(c) The principal amount of the Series PJC-1 note is repayable in six instalments at 10% of principal amount for each instalment in the years 1991 to 1995, inclusive, with a final instalment of 50% of principal amount on January 31, 1996, or on prior demand.

(d) The Company has a funding agreement with the Province of British Columbia whereby funding required by the Company to carry out its day-to-day operations, over and above revenues received from all sources, is provided by the Province of British Columbia up to a maximum amount of $73,000,000 outstanding at any one time during the period January 16, 1984 to March 31, 1985. Under this agreement, short term notes are renewed upon maturity, as required by the Company.

8. Share capital

Authorized 10,000 common shares without par value.

Issued and fully paid, one share to British Columbia Buildings Corporation - $1. The Minister of Finance for the Province of British Columbia retains voting rights of this share.

9. Contributed surplus

Contributed surplus represents an equity investment by British Columbia Buildings Corporation in the amount of $205 million coincident with the acquisition of the only outstanding share of the Company from the Crown in right of the Province.

10. Contractual commitments

(a) The Company entered into an agreement with Dillingham Corporation Canada Ltd., now known as Dillingham Construction Ltd., to construct the Stadium for a guaranteed maximum price of $111,441,000. On September 9, 1983, the agreement was amended as follows:

i) All outstanding claims for adjustment to the GMP by both parties have been settled.

ii) All remaining direct costs of the project, as processed by Dillingham and approved by B.C. Place, will be paid by B.C. Place.

10. Contractual commitments (Continued)

As at March 31, 1984, costs of $108,397,000 had been incurred relating to this amended agreement, and the outstanding commitments amount to $453,000.

(b) The Company entered into an agreement with Phillips Barratt for the provision of architectural and engineering services for the Stadium construction at a cost of approximately $5,350,000. As at March 31, 1984, costs of $5,257,110 had been incurred relating to this agreement.

(c) The Company has entered into various agreements to provide for site services. As at March 31, 1984, the total value of outstanding commitments was $11,791,000.

11. Related party transactions

Expo 86 Corporation, a British Columbia Crown Corporation created for the purposes of organizing, constructing and operating the 1986 World Exposition to be held in the City of Vancouver, leased a portion of the B.C. Place Lands for its purposes in the amount of $1 and other considerations. The term of the lease covers four years and three months from March 31, 1983 up to and including June 30, 1987. The Indenture of lease, signed June 3, 1983, sets out the commitments from both parties.

12. Contingent liability

A problem developed through the bankruptcy on March 26, 1982 of Bordignon Construction Ltd., a Stadium trade contractor, resulting in a number of liens filed against the property. In the opinion of legal counsel, under the Builder's Lien Act, the Company's liability will be limited to the 15% holdback applicable to the work completed at the time of the bankruptcy and most of the liens ultimately will be found invalid.

The Company has a claim against the Mortgage Insurance Company of Canada for the expenditures in excess of the Bordignon contract price under its performance bond.

In the opinion of B.C. Place management, any additional costs due to this bankruptcy will not be material.

13. Comparative figures

Certain 1983 amounts have been reclassified, where appropriate, to conform with the presentation adopted in 1984.

DIRECTORS

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Vancouver, British Columbia
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Louis van Blankenstein, Executive Vice President, Development
Bayne E. Boyes, Vice President, Finance and Administration
J. Garry Watson, Secretary
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Murray A. Cook, Vice President, Marketing
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Harry J. Renaud, Vice President, Stadium and General Manager